Rate of Inflation

1401. SHRI VIJAY KUMAR RUPANI: Will the Minister of FINANCE be pleased to state:

(a) the rate of growth and rate of inflation during 1991-2006, year-wise;

(b) whether it is a fact that rate of inflation measures the rate of increase in prices and not the actual increase in prices of various items and commodities;

(c) whether it is also a fact that Wholesale Price Index, Consumer Price Index, Price Index for Urban Non-Manual employees, and Price Index for Agricultural labour do not give real picture of the situation of inflation and actual price rise; and

(d) the proposed measures to know actual price rise in commodities, food items, vegetables and items of day to day use in the country?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) Sir, the average rate of growth of GDP and inflation (WPI based) from 1991 to 2006 is as given in the enclosed statement (*See* below).

(b) The rate of inflation measures the rate of increase in prices and is calculated on the basis of an index consisting of various commodities and having a weight assigned to each commodity. Based on the rate of increase in price of each commodity and the weight assigned to that commodity in the basket a composite rate of inflation is calculated. There are, at present, five such composite rates of inflation, viz. (i) Wholesale Price Index (WPI), (ii) Consumer Price Index for Industrial Workers (CPI-IW), (iii) Consumer Price Index for Urban Non-Manual Employees (CPI-UNME), (iv) Consumer Price Index for Agricultural Labour (CPI-AL) and (v) Consumer Price Index for Rural Labour (CPI-RL).

(c) In case of WPI, the basket is only of selected commodities and the weight assigned to each commodity is on the basis of the value of traded amount of that commodity. The other indices, which are all variants of the Consumer Price Index, are based on the consumption pattern of the different groups, thereby implying different weights assigned to a particular commodity or services in the respective baskets.

(d) In view of the divergent factors affecting the demand and supply of a particular commodity in different regions of the country, it is not possible to have a unique measure of the rise in price of a particular commodity for the entire country

Statement

Growth rate of GDP vis-a-vis WPI based average inflation (%)

Year	GDP at factor cost	WPI based Inflation
Old series at 1993-94 prices		
1991-92	1.3	13.7
1992-93	5.1	10.1
1993-94	5.9	8.4
1994-95	7.3	12.5
1995-96	7.3	8.1
1996-97	7.8	4.6
1997-98	4.8	4.4
1998-99	6.5	5.9
1999-00	6.1	3.3
2000-01	4.4	7.2
2001-02	5.8	3.6
2002-03	3.8	3.4
2003-04	8.5	5.5
2004-05	7.5	6.4
2005-06	8.4	4.4
2006-07	9.1*	5.3**

GDP growth rates since 2000-01 new series at 1999-00 prices

*GDP growth for 2006-07 (First half)

**WPI inflation average of 52 week as on 18 November, 2006.